



The President's Daily Brief

January 10, 1976

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Table of Contents

USSR: The actions of a Sverdlov-class cruiser in the Mediterranean suggest that it too may be en route to Atlantic waters off Africa. (Page 1)

Nigeria-US-Angola: The Nigerian military regime's emotional commitment to the withdrawal of South African forces from Angola is reflected in its denunciation of your letter. (Page 3)

Portugal-Angola: Portugal's neutrality toward the warring factions in Angola is again a contentious issue in top military circles. (Page 4)

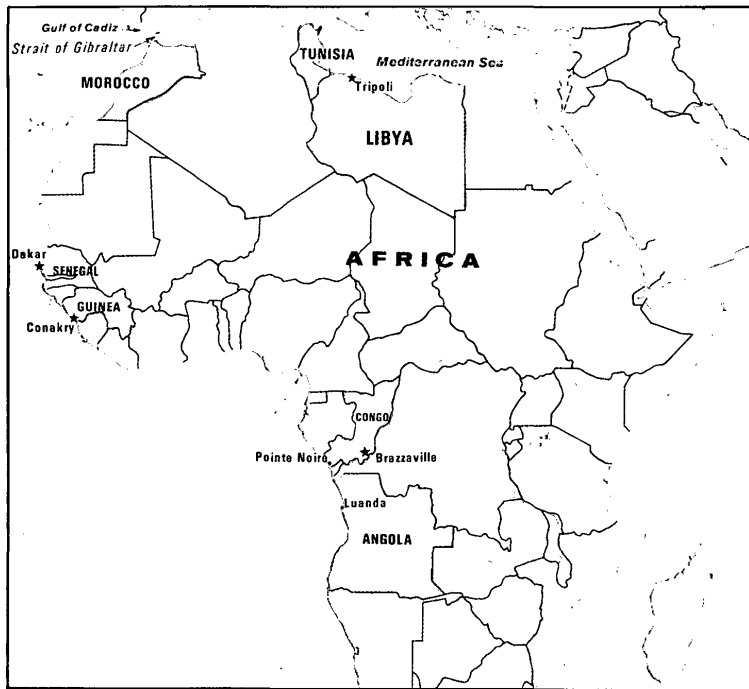
Portugal: Prime Minister Azevedo professes to be optimistic about the political situation, although he is concerned about the threat from political extremists. (Page 6)

USSR-China: Moscow probably anticipates no early change in China's policy toward the Soviet Union as a result of Chou En-lai's death. (Page 7)

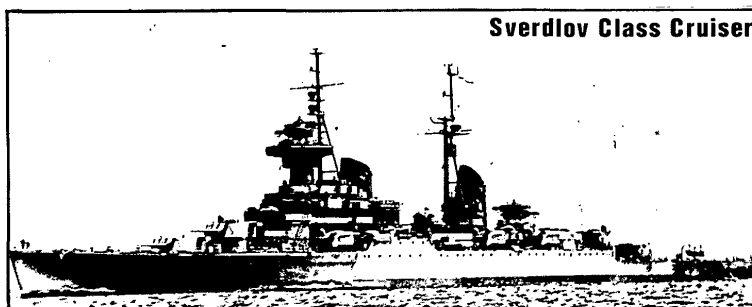
World Grain: World grain supplies, excluding rice, will remain tight in 1975/76 and demand for imported wheat will be up. (Page 8)

Notes: Lebanon; Israel; USSR; Rhodesia; Ecuador (Pages 9, 10, and 11)

FOR THE PRESIDENT ONLY

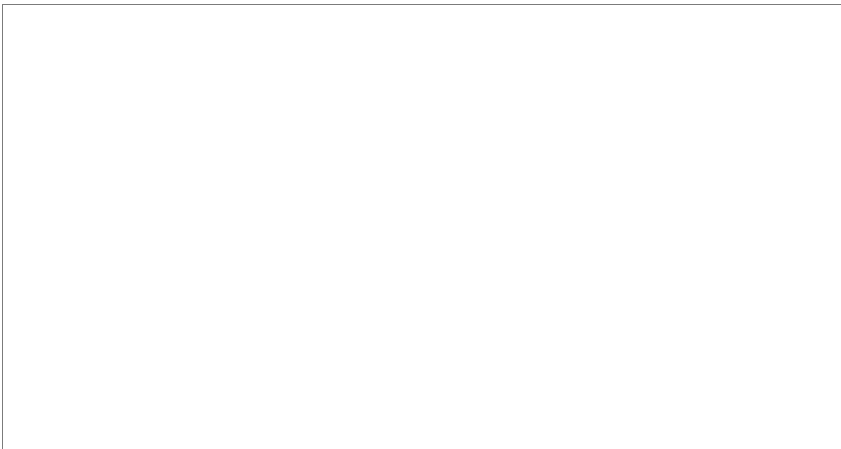


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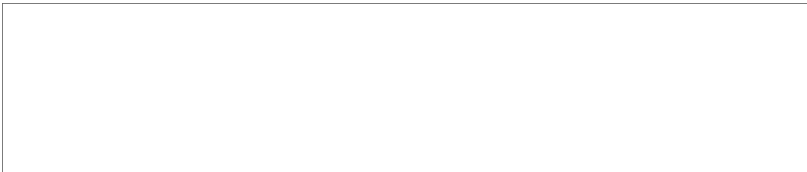
USSR

*The actions of a Sverdlov-class
cruiser in the Mediterranean suggest that
it too may be en route to Atlantic waters
off Africa.*



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The Kresta II-class cruiser that left the Mediterranean last Sunday was detected early this morning 300 miles northwest of Conakry, Guinea. It could arrive there today or tomorrow.



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We have no further information on the Soviet intelligence collection ship that left the Gulf of Cadiz on Thursday and which may be heading for Angolan waters.

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NIGERIA-US-ANGOLA

Nigeria's blunt denunciation of your letter on Angola reflects the depth of the military regime's emotional commitment to the withdrawal of South African forces from Angola and the ruling majority's insecurity about its internal position.

The official reaction has been accompanied by shrill anti-US blasts in the controlled Nigerian press and small-scale student demonstrations at the US consulates in Kaduna and Ibadan on Thursday and Friday. A demonstration is planned today in Lagos against our embassy.

The regime of Brigadier Murtala Muhammed, which came to power last July, recognized the "government" of the Popular Movement in November, mainly in reaction to South African involvement in Angola. It has since given the Movement \$20 million in aid and reportedly has considered sending a token military contingent to help combat the South Africans.

Having staked so much on all-out support for the Popular Movement, Muhammed and his closest supporters seem to view any argument for a government of national unity in Angola and the withdrawal of all foreign forces as undermining their own position in Nigeria. A minority within the ruling 22-man Supreme Military Council apparently has been arguing that Soviet and Cuban involvement in Angola presents a greater danger to Africa than the small South African presence.

PORTUGAL-ANGOLA

Portugal's neutrality toward the warring factions in Angola is again a contentious issue in top military circles.

Military leaders are split over recognition of the Soviet-backed Popular Movement for the Liberation of Angola [redacted]

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[redacted]. The group favoring early recognition--which reportedly includes Foreign Minister Antunes and members of his "political" faction--argues that this might prevent the Popular Movement from becoming too dependent upon Soviet financial and technical assistance. They also believe the US and South Africa are about to withdraw their support from the two opposing factions, and that this will assure the victory of the Popular Movement. Unless Lisbon recognizes the Popular Movement soon, they reportedly reason, Portugal's future relations and influence with Angola and its other former African territories will be seriously undermined, and the considerable Portuguese financial interests in Angola will be jeopardized.

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The opposing group in the council, led by Prime Minister Azevedo and the apolitical "professional" officers, argues that recognition of the Popular Movement now would split the Portuguese armed forces, enrage the recently returned Angolan refugees, and possibly plunge the country into civil war. Azevedo claims his group now has a majority in the council on this question, but he is not sure how long this view will prevail in the face of mounting pressure against it.

In recent meetings with Senator McGovern and Ambassador Carlucci, Azevedo averred that Lisbon is anxious to pursue an Angola policy which is in harmony with that of the US.

He also responded favorably to the US demarche on the refueling in the Azores of Cuban military flights to Angola, repeating earlier assurances from a presidential aide that transit facilities for such flights would be terminated. The Foreign Ministry, however, continues to assert that the Portuguese government "has no proof" that the

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Cuban flights are military in nature, despite Azorean press reports that five aircraft carrying military personnel and equipment transited the islands in late December.

Azevedo also expressed a willingness to intercede with the Cape Verde government, which has extended the Cubans similar transit facilities. The close ties recently cultivated by Havana with the former Portuguese territory suggest that such an intercession is unlikely to be successful.

FOR THE PRESIDENT ONLY

PORTUGAL

Prime Minister Azevedo presented an essentially optimistic review of the Portuguese political situation in a recent tour d'horizon with Ambassador Carlucci, although he expressed concern over the threat from political extremists, particularly on the far right.

Azevedo claimed that only minor jurisdictional disputes between the Socialists and the centrist Popular Democrats over sub-cabinet posts are delaying a final announcement on the government reorganization.

The Prime Minister confirmed that elections for a legislative assembly have been set, but expressed concern that the Communists and the far right would try to polarize the country in the period leading up to the April vote. He fears that rightist agitation may play into the Communists' hands.

Azevedo was especially worried about rightist efforts to mobilize peasants in the north and referred to a planned rally by disaffected farmers this Sunday in the northern city of Braga as an occasion ripe for exploitation by followers of former president Spinola. The farmers are gathering to protest the agrarian reform program and to demand higher prices for farm produce, but the rally could degenerate into an anti-Communist forum. The government apparently fears that this could trigger strong Communist reaction at several leftist rallies scheduled for next week in Lisbon.

In a more positive vein, Azevedo expressed confidence in his government's ability to solve the Azores problem. An Azorean delegation hopes to meet with Azevedo today and with the Council of Ministers on Tuesday in an effort to obtain significant changes in the decree law issued last month that fell far short of Azorean expectations of greater autonomy. If the talks fail, the issue will likely trigger a strong protest in the Azores.

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USSR-CHINA

Moscow probably anticipates no early change in China's policy toward the Soviet Union as a result of Premier Chou En-lai's death.

The Soviets respected Chou's skills in promoting China's interests in the international arena, frequently at the expense of the USSR, but they also saw him as a force for moderation in China's dealings with Moscow. In this sense, his death is a setback to the prospect of less hostile Sino-Soviet relations.

The Soviets do not think well of Chou's successor, Teng Hsiao-ping. They well remember that it was he who violently attacked Khrushchev at the international Communist conference in 1960, who oversaw the bitter polemics between the two sides in the early 1960s, and who traded nasty words with Brezhnev at the Romanian party congress in 1965. The Soviets are also aware that one of the factors that allegedly persuaded Mao to rehabilitate Teng in 1973 was his negative attitude toward the USSR. They have consistently deprecated Teng's capacities as a leader over the past year and have, to foreigners as well as among themselves, portrayed him as a transitional figure.

Despite their misgivings about Teng and the oft-expressed belief that there will be no fundamental change in China's policy toward the USSR until well after Mao is dead, Moscow will want to make fresh soundings about the possibility of change in the wake of Chou's death. This is especially true since the release of the Soviet helicopter crew may cause uncertainty in Moscow about where China now stands vis-a-vis the USSR.

WORLD GRAIN

World grain supplies, excluding rice, will remain tight in 1975/76. Instead of a 3-percent increase in global production, we now expect no change. At the same time, demand for imported wheat will be up an estimated 11 percent from 1974/75, while demand for feedgrain will jump 18 percent.

Total world wheat production is estimated at 342.8 million tons, some 8 million tons below last year (marketing year July 1974-June 1975). The decline reflects a Soviet harvest that was worse than expected, and which is only partially offset by improved prospects in Argentina, Australia, and Canada. Total world production of feedgrain in 1975/76 is forecast at 594.2 million tons. This is 8 million tons above 1974/75.

World trade in grain probably will reach a record 141 million tons in the 1975/76 marketing year because of large Soviet imports. Foreign demand for US wheat and flour is likely to reach a record 34.9 million tons and for US corn 37.3 million tons. Despite these projected exports, a small buildup of US stocks is likely. Stocks elsewhere probably will decline.

Grain prices have drifted downward since late summer owing to the harvesting of record US crops, the temporary end of the Soviet buying spree, and the favorable outlook for wheat harvests in the southern hemisphere. For the time being, prices seem to have settled within a narrow trading range.

Developments that could force a price increase are:

- Southern hemisphere crops, especially the key Argentine corn crop harvested early this year, could fall below current expectations.
- The outlook for winter wheat crops in the USSR and US may continue to deteriorate.
- Additional Soviet grain purchases for delivery by October 1 might exceed the 3 to 5 million tons now projected.
- India and other developing countries may increase imports to support stockbuilding policies.



NOTES

Heavy fighting continued undiminished in the Beirut suburbs around the Tall Zatar refugee camp and spread to the hotel district early this morning. Both sides seem to see the battle as a major test of strength and show little inclination to negotiate a cease-fire.

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Each warring faction claims to have made major gains, but [redacted]

[redacted] the fighting is stalemated. The Palestinians thus far have refrained from attacking the Christian quarters in central Beirut and are concentrating their efforts on lifting the blockade of Tall Zatar. They reportedly are insisting that the siege be lifted unconditionally before agreeing to a cease-fire.

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The only hopeful sign is a report that President Franjiyah sent a special emissary to Damascus on Thursday, apparently to seek Syrian President Asad's help in ending the fighting.

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[redacted] Israel [redacted]

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The Soviet Union's unclassified earth resources satellite program apparently is being slowed by a lack of proper data processing equipment.

According to the Soviets, their current program is based mainly on photography from Salyut spacecraft. This photography is not suitable for some uses because its coverage is limited and it is not timely; the film must be returned to earth physically in contrast to the US Landsat system. The Soviets have been trying unsuccessfully for several years to buy data processing equipment comparable to that associated with Landsat. They have also inquired about the purchase of earth resources satellite sensors such as multispectral scanners and cameras.

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Rhodesia

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Ecuador

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